

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3537-02
BILL NO.: HCS for HB 1606
SUBJECT: Economic Development; Taxation and Revenue; St. Louis County
TYPE: Original
DATE: February 25, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0 to \$60,000	\$0 to \$61,200	\$0 to \$62,500
Total Estimated Net Effect on <u>All</u> State Funds *	\$0 to \$60,000	\$0 to \$61,200	\$0 to \$62,500

*** This proposal is permissive and would have no fiscal impact without voter approval**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government*	\$0 to \$5,940,000	\$0 to \$6,058,800	\$0 to \$6,187,500

*** This proposal is permissive and would have no fiscal impact without voter approval.**

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from **St. Louis County** state this is authorizing legislation and would allow them to put a vote before the people of St. Louis County. If passed, St. Louis County anticipates additional revenue of \$5 million to \$6 million per year.

In response to similar legislation, officials from the **Department of Revenue (DOR)** state this proposal creates the Community Comeback Act for eradication of blight and neighborhood revitalization in St. Louis. The DOR assume this proposal will have no fiscal impact on their agency.

Officials from the **City of St. Louis** states this proposal deals with St. Louis County and would have no fiscal impact to the City.

Officials from the **Department of Economic Development (DED)** assume the proposal will have no fiscal impact on their agency.

In response to similar legislation, officials from the **Secretary of State's Office** state this proposal outlines the issuance of bonds, appointment of trust board members, required audits, appointment and function of an advisory board, etc. They assume this proposal will have no fiscal impact on their agency.

Oversight assumes this proposal is permissive and would have no state impact unless voter approval occurred. For purposes of the fiscal note, Oversight estimated the possible revenues in a range of voters not passing such proposal to voters approving the measure in May, 2000. This proposal has an emergency clause so the effective date of the tax could be as early as July 1, 2000, therefore, twelve months of revenue is estimated for FY 2001. Oversight also assumes a growth rate of 2% for future fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
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GENERAL REVENUE FUND

<u>Income</u> - to General Revenue Fund	\$0 to	\$0 to	\$0 to
1% collection fee	\$60,000	\$61,200	\$62,500

FISCAL IMPACT - Local Government FY 2001 FY 2002 FY 2003

SAINT LOUIS COUNTY

<u>Income</u> - Local Use Tax proceeds	\$0 to \$5,940,000	\$0 to \$6,058,800	\$0 to \$6,187,500
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ESTIMATED NET EFFECT TO SAINT LOUIS COUNTY*	\$0 to <u>\$5,940,000</u>	\$0 to <u>\$6,058,800</u>	\$0 to <u>\$6,187,500</u>
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* This proposal is permissive and would require voter approval before the use tax would become effective.

FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses would be expected as a result of this proposal since they may have to pay more to purchase goods.

DESCRIPTION

This substitute establishes the Community Comeback Act. In its main provisions, the substitute:

- 1) Authorizes the establishment of a community comeback trust for St. Louis County, whose primary duties include the prevention of neighborhood decline, demolition of abandoned buildings, cleaning of polluted sites, and the promotion of neighborhood reinvestment;
- (2) Provides that the county executive is to appoint the 7 members of the community trust board from a list of nominees supplied by any member of the St. Louis County Council and the chief elected officer of any municipality wholly within St. Louis County. The criteria for and terms of board membership are outlined;
- (3) Gives exclusive control of the expenditure of moneys collected to the credit of the trust, subject to annual appropriation by the county council, to the trust board and limits the administrative costs of the trust to no more than 5% of the trust's annual budget;
- (4) Requires the county government to provide trust staff;

DESCRIPTION (continued)

- (5) Authorizes the trust to issue and refund bonds, notes, or other obligations for any proposal and to receive and liquidate property; the trust is not, however, authorized to use the power of eminent domain. Bonds issued by the trust are exempt from state income taxes;
- (6) Requires the trust board to notify all municipalities within St. Louis County and the county council of the requirement to conduct a planning process and adopt a community comeback plan;
- (7) Requires the board to hold public hearings and to solicit input from the county and municipalities regarding the development of the community comeback plan. The board and the county council are to annually revise and adopt a plan;
- (8) Requires each plan to include a housing stock and market analysis of the impediments to attracting home buyers. In addition, each plan is to address the factors related to the occurrence of assessed values below the county average, median household incomes below the county median, unemployment rates above the county average, building vacancies, and lack of home value growth;
- (9) Requires each plan to outline the specific strategies to address the specific problems encountered in various regions and neighborhoods in the county;
- (10) Requires the board to produce an annual report outlining what has been accomplished in relation to the goals outlined in the community comeback plan;
- (11) Requires the board to commission an annual financial audit and an independent management audit every 5 years;
- (12) Requires the board to establish an 11-member advisory committee, with members appointed by the county executive. The qualifications and length of terms of committee members are outlined. The advisory committee is charged with advising the board, board staff, or petitioners who include the governing body of any municipality or St. Louis County, any land clearance for redevelopment authority in St. Louis County, or any not-for-profit organization;
- (13) Authorizes the board to begin accepting petitions for funding from the trust one month after the community comeback plan is adopted. The criteria which must be addressed in a petition are outlined and include addressing how the reinvestment needs of a neighborhood will be met by reducing or removing impediments to home buyers; providing physical infrastructure to promote job growth; or reducing or removing threats to public health, safety, morals, or welfare;

DESCRIPTION (continued)

(14) Authorizes the board to award funding to a petitioner if the petitioner's proposal involves an eligible project with eligible expenses and is well planned, realistic, creative, resourceful, cost-effective, and benefits the local community;

(15) Requires the board to establish a Select Neighborhood Action Program (SNAP), which provides neighborhood improvement grants requiring a 10% cash or in-kind match from applicants. SNAP grants may only be made for projects capable of being completed within 12 months, which do not duplicate existing programs, do not require ongoing funding or services, and do not conflict with the community comeback plan;

(16) Outlines the categories for eligible SNAP grants, including neighborhood beautification projects, neighborhood organization or capacity projects, neighborhood-school partnership projects, capital purchase projects which include the acquisition of equipment or property, and neighborhood local infrastructure improvements;

(17) Allocates a minimum of 5% of trust funds, not to exceed \$500,000, for SNAP grants;

(18) Authorizes one-half of the county use tax (if imposition of the use tax is approved by voters as required in current law) to be used for funding the community comeback trust;

(19) Changes the ballot language for submitting the use tax for voter approval, so that a description of the purposes for which the use tax will be used is included on the ballot;

(20) Authorizes the use tax to be described as the equivalent of a sales tax on purchases made from out-of-state sellers by in-state buyers and on certain intrabusiness taxable transactions; and

(21) Adds St. Louis County to the definition of "city" for the purpose of qualifying for Chapter 353 urban redevelopment assistance.

The substitute contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Saint Louis County
City of Saint Louis
Department of Revenue
Department of Economic Development
Secretary of State's Office

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
February 25, 2000